

(ALL BATCHES)

DATE: 17.07.2018 MAXIMUM MARKS: 100

TIMING: 3¼ Hours

PAPER 2 :LAW

Answer to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate who has not opted for Hindi Medium. His/her answer in Hindi will not be valued.

Question No. 1 is compulsory.

Candidates are also required to answer any Four questions from the remaining Five Questions.

In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then only the requisite number of questions first answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.

Wherever necessary, suitable assumptions may be made and disclosed by way of note.

Question 1:

- (a) Sunil delivered his car to Mahesh for repairs. Mahesh completed the work, but did not return the car to Sunil within reasonable time, though Sunil repeatedly reminded Mahesh for the return of the car. In the meantime a big fire occurred in the neighborhood and the car was destroyed. Decide whether Mahesh can be held liable under the provisions of the Indian Contract Act, 1872. **(6 Marks)**
- (b) Briefly explain the doctrine of "Constructive Notice" under the Companies Act, 2013. Are there any exceptions to the said doctrine? **(6 Marks)**
- (c) After receiving 80% of the minimum subscription as stated in the prospectus, a company allotted 100 equity shares in favour of 'X'. The company deposited the said amount in the bank but withdrew 50% of the amount, before finalisation of the allotment, for the purchase of certain assets. X refuses to accept the allotment of shares on the ground that the allotment is violative of the provisions of the Companies Act, 2013. Comment. **(4 Marks)**
- (d) How do you distinguish between discharge of instrument and discharge of party under the Negotiable Instruments Act, 1881? **(4 Marks)**

Question 2:

- (a) Define "cheque", under the Negotiable Instruments Act, 1881. What are the difference between a cheque and a bill of exchange? **(6 Marks)**
- (b) VRS Company Ltd. is holding 45% of total equity shares in SV Company Ltd. The Board of Directors of SV Company Ltd. (incorporated on January 1, 2007) decided to raise the share capital by issuing further Equity shares. The Board of Directors resolved not to offer any shares to VRS Company Ltd, on the ground that it was already holding a high percentage of the total number of shares already issued, in SV Company Ltd. The Articles of Association of SV Company Ltd. provides that the new shares be offered to the existing shareholders of the company. On March 1, 2007 new

shares were offered to all the shareholders except VRS Company Ltd. Referring to the provisions of the Companies Act, 2013 examine the validity of the decision of the Board of Directors of SV Company Limited of not offering any further shares to VRS Company Limited. **(6 Marks)**

- (c) Explain the rule of "Ejusdem Generis" with reference to the interpretation of statutes. State the cases in which this rule is no applicable. **(4 Marks)**
- (d) A appoints M, a minor, as his agent to sell his watch for cash at a price not less than Rs. 700. M sells it to D for Rs. 350. Is the sale valid? Explain the legal position of M and D, referring to the provisions of the Indian Contract Act, 1872. **(4 Marks)**

Question 3:

- (a) Explain the meaning of "transmission of Shares" under the Companies Act, 2013. In what ways is "transmission of shares" different from "Transfer of Shares"? **(6Marks)**
- (b) Prakash Carriers Limited appointed Mr. Raman as its auditor in the Annual General Meeting held on 30th September, 2014. Initially, he accepted the appointment. But he resigned from his office on 31st October, 2014 for personal reasons. The Board of directors seeks your advice for filling up the vacancy by appointment of Mr. Albert as auditor. Advise as per the provisions of the Companies Act, 2013. Also suggest the procedure to be adopted in case Mr. Albert is proposed to be removed from his office before the expiry of his term. **(6 Marks)**
- (c) What is "Financial Year" under the General Clauses Act, 1897? **(4 Marks)**
- (d) What is Agency by Ratification? **(4 Marks)**

Question 4:

- (a) A General Meeting to be held on 15th April, 2015 at 4.00 P.M. As per the notice the members who are unable to attend the meeting in person can appoint a proxy and the proxy forms duly filled should be sent so as to reach at least 48 hours before the meeting. Mr. A, a member of the company appoints Mr. P as his proxy and the proxy form dated 10.4.2015 was deposited by Mr. P with the company at its Registered Office on 11.04.2015. However, Mr. A changes his mind and on 12.04.2015 gives another proxy to Mr. Q and it was deposited on the same day with the company. Similarly another member Mr. B also gives to separate proxies to two individuals named Mr. R and Mr. S. In the case of Mr. R, the proxy dated 12.04.2015 was deposited with the company on the same day and the proxy form in favour of Mr. S was deposited on 14.04.2015. All the proxies viz., P, Q, R and S were present before the meeting.
In the light of the relevant provisions of the Companies Act, who would be the persons allowed to represent at proxies for members A and B respectively? **(6 Marks)**
- (b) The Board of Directors of Nimbahera Chemicals Limited proposes to transfer more than 10% of the profits of the company to the reserves for the current year. Advise the Board of Directors of the said company mentioning the relevant provisions of the Companies Act, 2013. **(4 Marks)**
- (c) To remove the Managing Director, 40% members of Global Ltd. submitted requisition for holding extra-ordinary general meeting. The company failed to call the said

meeting and hence the requisitionists held the meeting. Since the Managing Director did not allow the holding of meeting at the registered office of the Company, the said meeting was held at some other place and a resolution for removal of the Managing Director was passed.

Examine the validity of the said meeting and resolution passed therein in the light of the Companies Act, 2013. **(6 Marks)**

(d) In what way are the Illustrations terms considered as 'internal aid' in the interpretation of statutes? **(2 Marks)**

(e) In what way are the Explanation terms considered as 'internal aid' in the interpretation of statutes? **(2 Marks)**

Question 5:

(a) Explain the concept of 'CSR' (Corporate Social Responsibility) as introduced by the Companies Act, 2013. Examining the provisions of the Act, answer the following:

(i) Which companies are required to constitute CSR Committee?

(ii) Which companies are excluded from the requirements of the provisions of the Act in relation to CSR committee?

(iii) What is the minimum contribution the companies are required to make towards CSR? **(6 Marks)**

(b) X drew a cheque payable to 'Y or on order'. Unfortunately it was lost and Y's endorsement was forged. Subsequently, the banker pays for the cheque. Is the banker discharged from liability? What will be the consequences if the drawer's signatures were forged? **(5 Marks)**

(c) Briefly explain the meaning and application of the rule of "Harmonious Construction" in the interpretation of statutes. **(3 Marks)**

(d) What is meant by a Guarantee Company? State the similarities and dissimilarities between a Guarantee Company and a Company having Share Capital. **(6 Marks)**

Question 6:

(a) Is registration of a charge compulsory? If not, what are the effects of non-registration? **(6 Marks)**

(b) The Board of directors of Bharat Ltd. has a practical problem. The registered office of the company is situated in a classified backward area of Maharashtra. The Board wants to keep its books of account at its corporate office in Mumbai which is conveniently located. The Board seeks your advice about the feasibility of maintaining the accounting records at a place other than the registered office of the company. Advise. **(3 Marks)**

(c) What is "Immovable Property" under the General Clauses Act, 1897? **(5 Marks)**

(d) Explain the meaning of 'Sweat Equity Shares' and state the conditions a company has to fulfill for issuing such shares. **(6 Marks)**
